

NSC BRIEFING

16 April 1957

YUGOSLAVIA'S TACTICAL REORIENTATION

- I. Gulf between Yugos and Sovs continues to widen.
 - A. In recent weeks, propaganda charges by each side have grown sharper:
 1. Bulganin (27 March): "it was not by accident" that "the group of traitors of Imre Nagy" found "asylum at the Yugoslav embassy" when Hungarian "counter-revolution" crushed.
 2. Yugoslavs, in rebuttal, consistently blame inevitable Hungarian "revolution" on incorrect Soviet policies.
 3. Communist China may still hope to moderate dispute: Chou En-lai to visit Belgrade this June.
- II. Sovs also pressuring by hold-back on economic aid: Yugos say Sovs are trying to force "collapse" of their economy.
 - A. Sovs on 2 Mar "postponed" \$175 million credit (for development aluminum).
 - ~~1. Sale of Soviet reactor also stalled.~~
 - B. Khrushchev (14 Mar) gave public blessing to freeze: "Soviet people are ready to share last crumb of bread with Socialist countries..with those who treat us fraternally."
 - C. Yugo trade with Bloc continues at about the '56 level (some 25% of Yugo total), but Yugos on 8 Apr restated doubts it would continue.
- III. Yugo Vice Pres. Tempo (7 Apr) said Moscow using every possible method undercut Yugo political, economic position in Middle East.

- A. Yugo Foreign Office (3 Apr): "it will be most difficult to live with the Russians" until new generation, less "captivated by orthodox ideology", takes power.
- B. This is far cry from Yugoslav line in '56 that de-Stalinization was moving rapidly and was irreversible.
- IV. As result these Ebc pressures, Yugos ~~becoming more moderate towards~~ ^{BUSY BLENDING FENCES WITH} West.
- A. In past two months, Yugo attacks on Western policy less frequent less strong, more sceptical about Sovs.
1. On German question, Belgrade's latest (Mar '57) view no longer emphasizes necessity for East-West German negotiations.
- B. V.P. Tempo (4 Mar) declared Yugo must orient itself economically towards West; US aid is key factor in nation's long-term development.
1. Admitted he no longer trusted Soviet aid offers.
2. Asked long-term commitment US crop surplus grants.
3. Said Yugos looking to Western European nations for aid on aluminum, copper, power projects.
- C. By end Mar, Yugos even told French of interest in European Common Market.
- D. Yugos also hard at work on approaches to Western Socialists: March--visit to Belgians; April--hosts to Nenni delegation ~~now scheduling visit to Norwegians.~~